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World Production and Trade

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 22-84

May 31, 1984

WASHINGTON, May 31--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

Total foodgrain production in INDIA for 1983/84 is estimated at a record 149.5 million tons, an increase of 21.0 million or 16 percent above the drought-affected 1982/83 crop according to the U.S. agricultural counselor in New Delhi. Foodgrains, as defined by India, include rice, wheat, coarse grains and pulses. Rice production in 1983/84 (mostly harvested October-December 1983) is estimated at a record 59.0 million tons (milled basis), up 27 percent from the drought-affected 1982/83 crop. The wheat crop is estimated at a record 44.6 million tons (harvested May-June 1984), 5 percent above a year earlier. Total coarse grain production for 1983/84 (harvested October-December 1983) is estimated at a record 33.0 million tons, 18 percent above the drought-reduced 1982/83 crop. Pulse production for 1983/84 is estimated at 12.9 million tons.

Extensive mid-May travel in POLAND by the U.S. agricultural attache in Warsaw revealed winter and spring grains benefited from good, timely rains. Below-normal rainfall before the beginning of the spring growing season had caused serious concern about prospects for these crops. The attache maintains his early season estimates for grain yields which would result in a total harvest of 20.2 million tons for 1984/85, 8 percent below the 1983/84 record crop of 22.0 million tons.

Favorable weather in SPAIN since mid-March has significantly improved 1984/85 winter grain yield prospects and planting conditions for the spring and summer crops according to the U.S. agricultural counselor in Madrid. Total grain production for 1984/85 is estimated at a record 19.7 million tons, 44 percent above last year's drought-affected crop and 6 percent above the previous record crop of 18.6 million harvested in 1980/81.

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Wheat production for 1984/85 is estimated at a near-record 6.0 million tons, an increase of 38 percent from last year, while barley production is estimated at a record 10.1 million, 55 percent above the 1983/84 harvest. Other grains including corn, rye, oats, sorghum and rice are estimated at a record total of 3.6 million tons, up 29 percent from 1983/84. The winter grains are in the maturing stages of development and will be harvested in late May through mid-July.

In ITALY, cool, wet weather in April and May has adversely affected the 1984/85 wheat and coarse grain yield prospects according to the U.S. agricultural counselor in Rome. Total wheat and coarse grain production for 1984/85 is estimated at 17.1 million tons, 2 percent above last year's drought-affected harvest. Soft wheat production is estimated at 5.15 million tons, down 8 percent from 1983/84, while durum production for 1984/85 is estimated at 3.55 million, an increase of 22 percent from last year's drought-reduced crop. Total coarse grain production, which is comprised mostly of corn, is estimated at 8.38 million tons, slightly above last year's harvest. The corn crop is estimated at 6.6 million tons, slightly below the 1983/84 crop. Corn area for 1984/85 is down 2 percent from last year due to excessively wet field conditions at planting time and to the unfavorable price relationship of corn to other competing crops, such as soybeans.

OILSEEDS AND PRODUCTS

The U.S. agricultural officer in Sao Paulo has lowered his forecast for PARAGUAY's soybean exports by 25,000 tons, to 430,000 tons, reflecting reduced production prospects. His forecast of a 550,000-ton crop--down 25,000 tons--is due to dry weather for early-harvested soybeans and rains in late April which affected the later harvest.

Record prices were paid on EUROPEAN markets on May 21 for nearby soybean oil, with May deliveries at 303.50 guilders per 100 KGs. In response, rapeseed oil prices strengthened, hitting 266 guilders for August contracts. Sunflowerseed oil was offered at \$1,020/ton for May/July, ex-tank Rotterdam. Nearby coconut oil prices were also a record. Uncovered positions, tight world vegetable oil supplies, and closing strength for soybean oil futures in Chicago the preceeding Friday, helped lift the market. Although prices eased somewhat later in the week, higher prices had been widely anticipated to help ration the short 1983/84 supply of vegetable oils.

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Following a period of uncertainty in BRAZIL's export policies for soybeans and products, CACEX appears to have temporarily settled the matter. Export registrations are open for soybeans, soybean meal, and soybean oil through July 31. There is no limit on soybean meal registrations. Soybean registrations are limited to 100 percent of last year's exports, which CACEX indicates were 1.3 million tons. Reports suggest that about 800,000 tons have been registered so far this year. Part of the export balance will be held for shipment after July 31.

Soybean oil registrations are being limited to 80 percent of last year's level, which CACEX data show were about 1,050,000 tons. Soybean oil registrations to date are approximately 550,000 tons. The limit on soybean oil export registrations is designed to guarantee an adequate domestic supply, and it may change again as the situation becomes clearer. Brazil's actual exports of soybean oil in the 1983/84 marketing year were 947,000 tons, and they are likely to decline to nearer 900,000 tons in the 1984/85 season.

The confusing and sometimes conflicting export policies of Brazil added a note of uncertainty to international oilseed and product markets which were already in a tense condition due to short supplies and steady demand, especially for vegetable oils.

ARGENTINA is expected to play an expanded role on world soybean and soybean product markets this year, according to the U.S. agricultural attache in Buenos Aires. With an estimated 1984 soybean crop of 5.8 million tons, 45 percent larger than last year, exports of soybeans are forecast to increase by 500,000 tons in the 1984/85 marketing year to 1.85 million tons. Because of Argentina's differential export tax scheme and expanding processing capacity, crush is forecast to expand by 57 percent above last year, to 3.7 million tons. Although domestic consumption will absorb some of the increased output of soybean meal and oil, most of the additional output is likely to be exported. Projected soybean meal exports of 2.5 million tons would be 43 percent above the 1983/84 level, and soybean oil exports of 525,000 tons would be 75 percent above last year.

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DAIRY, LIVESTOCK AND PRODUCTS

WORLD meat production is forecast to total 106.6 million tons in 1984, only slightly above the 1983 level. A small decline in pork production is expected to offset gains in beef and sheep meat and keep red meat production the same as in 1983. Poultry meat production is forecast to increase 2 percent in 1984. The USSR, with a 6 percent increase, is expected to have the major increase in total meat production. The major decline, about 2 percent, may be in the United States where poor producer returns in 1983 are impacting on 1984 output.

Meat Production In Selected Countries

	1982	1983	Forecast 1984
	-----Million Tons-----		
Beef and Veal	40.8	41.1	41.2
Pork	36.2	37.4	37.2
Sheep and Goat Meat	4.6	4.6	4.7
Total Red Meat	81.6	83.1	83.1
Poultry Meat	22.9	23.2	23.5
Total Meat	104.5	106.3	106.6

WORLD beef production in 1983 totaled 41.1 million tons, only a small increase from a year earlier. Although world cattle numbers expanded about 2.5 million head during 1983, 1984 beef production is expected to be nearly unchanged.

Argentine beef production is expected to reach 2.52 million tons in 1984, 3.3 percent above year-ago levels and 2 percent above earlier projections. The government is trying to hold down domestic beef prices, and this appears to have discouraged producers from rebuilding herds as earlier projected.

In Australia, 1984 beef production is currently projected to fall 2 percent to 1.37 million tons as producers rebuild their herds.

In the United States, 1984 beef production is expected to fall about 2 percent, with all the decline coming in the last half of the year. High feed costs and high interest rates have discouraged herd growth.

In New Zealand, cattle numbers are expected to stabilize this year after a 3-year decline. With a smaller herd at the start of the year, 1984 beef production is expected to fall more than 10 percent. In 1982 and 1983, beef production was high because drought in some parts of North Island accelerated the cutback in the beef cattle herd. Returns to beef cattle producers have been poor for several years.

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Cattle and Buffalo Numbers and Beef Production

	Beginning Cattle Inventory			Beef and Veal Production		
	1982	1983	1984	1982	1983	1984
	-----Million Head-----			-----Million Tons-----		
United States	115.6	115.2	114.0	10.43	10.75	10.56
Canada	12.1	11.6	11.3	1.03	1.04	1.01
EC-10	77.9	78.8	79.7	6.60	6.86	6.96
Eastern Europe	37.8	37.1	37.8	2.45	2.41	2.34
Soviet Union	115.9	117.2	119.4	6.62	6.90	7.20
Argentina	57.9	58.0	58.3	2.58	2.44	2.52
Uruguay	10.9	10.3	9.5	0.38	0.41	0.35
Australia	24.6	22.5	21.7	1.68	1.39	1.37
New Zealand	8.0	7.9	7.5	0.54	0.54	0.48
Japan	4.5	4.6	4.7	0.48	0.50	0.49
Total of 50 countries	945.9	944.6	947.2	40.83	41.09	41.21

In Brazil, beef production projections for both 1983 and 1984 have been reduced by 100,000 tons due to reduced cow slaughter as farmers appear to be rebuilding herds. Slaughter is also expected to drop in Uruguay where herd rebuilding is expected to start this year.

In Poland, beef production for 1983 has been revised upward based on higher carcass weights and reduced calf slaughter due to good pastures. In 1984 production is projected to fall 10 percent as herd rebuilding takes place. In the Soviet Union, forecast beef production for 1984 has been revised upward by 100,000 tons due to large cattle numbers and improved feed supplies at the start of the year.

In Mexico, beef production is expected to be up 7 percent because of improved weather conditions. Because most beef production is in the semi-tropic areas of Mexico, dry pastures in the northern states have a limited impact on total production.

WORLD pork production is expected to decline slightly this year, compared to a 3-percent increase last year. The drop in production this year is due to higher feed prices and falling hog prices in most countries.

U.S. pork production this year is expected to decline about 40,000 tons, or nearly 6 percent, as the result of sharply reduced sow farrowings due to unfavorable hog/feed price ratios during most of 1983 and early 1984. Pork production in Canada is expected to be up about 2 percent this year due, in part, to producer reluctance to cut production levels before the Canadian National Livestock Program is put into effect next year.

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Production in the European Community is expected to change little this year because of unfavorable producer returns. Total hog numbers, which expanded slightly in 1983, may decline during 1984. A major exception is Danish hog numbers which are expected to expand.

Soviet pork production is expected to continue to expand this year, while in East Europe feed shortages may reduce production levels.

In Mexico, hog numbers fell about 3 percent during 1983, due to higher feed prices and increased sow slaughter. During 1984, some inventory recovery is forecast because of an expected improvement in the hog/feed ratio. Mexican pork production fell during 1983 because of lower average carcass weights. For 1984, production is expected to be back to 1982 levels.

Hog Numbers and Pork Production

	Beginning Hog Inventory			Pork Production		
	1982	1983	1984	1982	1983	1984
	-----Million Head-----			-----Million Tons-----		
United States	58.7	53.9	55.8	6.45	6.89	6.50
Canada	10.0	10.1	10.4	0.83	0.85	0.87
Mexico	16.2	16.5	15.8	1.23	1.20	1.24
EC-10	78.6	79.2	79.3	9.42	9.68	9.66
Eastern Europe	72.3	70.7	73.1	6.41	6.48	6.20
Japan	10.0	10.3	10.7	1.43	1.43	1.46
Soviet Union	73.3	76.7	78.5	5.27	5.55	5.90
Brazil	33.5	33.5	33.0	0.97	0.95	0.94
Total of 36 countries	401.1	402.6	411.9	36.22	37.45	37.22

After declining in 1983, sheep and goat meat production in SELECTED COUNTRIES is expected to expand about 2 percent in 1984. Sheep and goat meat production for 1984 in the Soviet Union is expected to be above 1983 levels by about 50,000 tons.

Australian sheep meat production is expected to be up 5 percent in 1984. In New Zealand, weather thus far has been favorable, however, production is unlikely to match 1983 when conditions for sheep production were exceptional.

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Sheep Numbers and Meat Production

	Beginning Sheep Numbers			Sheep and Goat Production		
	1982	1983	1984	1982	1983	1984
	-----Million Head-----			-----Thousand Tons-----		
Soviet Union	142.4	142.2	144.8	816	800	850
Australia	138.0	133.2	134.5	557	450	472
New Zealand	69.9	70.3	70.2	659	723	667
Total of 29 countries	664.6	656.7	662.0	4,604	4,575	4,662

Poultry meat production in SELECTED COUNTRIES is expected to reach 23.5 million tons in 1984 representing growth of just over one percent from a year ago. Sluggish demand, particularly export demand, and higher feed costs are limiting incentives to expand. Egg production is forecast to increase to 346 billion units, up less than one percent as markets appear to be near the saturation point in many countries.

Poultry and Egg Production

	Total Poultry Meat			Eggs		
	1982	1983	1984	1982	1983	1984
	-----Million Tons-----			-----Billion Units-----		
United States	7.04	7.19	7.31	69.58	67.86	67.21
Brazil	1.60	1.58	1.49	10.20	9.00	9.00
EC-10	4.37	4.26	4.31	72.22	70.38	70.44
Spain	.85	.81	.83	12.39	12.33	12.40
Soviet Union	2.43	2.50	2.65	72.41	74.70	77.00
Total of 45 countries for meat and 37 countries for eggs.	22.86	23.17	23.54	345.17	344.21	346.26

World broiler production in 1984 is estimated at 15.8 million tons, 2 percent above 1983. Declines in production in Brazil and stagnant production in France, both as a result of low export demand, are two major factors limiting growth in global production. During 1984, U.S. broiler production is expected to grow over 2 percent as producers take advantage of more favorable prices. Some upturn in the Mexican economy should enable production there to recover to the 1982 level.

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Continuing loss of export markets and resultant low prices have caused the Brazilian broiler production forecast to be revised downward to 1.4 million tons, 6 percent below 1983. Similarly, French production may remain at the 1983 level as export markets continue to shrink. Except for the Netherlands and the U.K., other parts of the EC are also expected to show little change in production. Production in the United Kingdom is rising to meet expanded domestic demand, while the Netherlands has been able to market increased production to other EC countries.

Broiler and Turkey Meat Production

	Broilers			Turkey Meat		
	1982	1983	1984	1982	1983	1984
	-----Thousand Tons-----			-----Thousand Tons-----		
United States	5,323	5,625	5,768	1,136	1,195	1,198
Brazil	1,507	1,490	1,400	--	--	--
EC-10	3,018	2,883	2,934	687	711	721
Spain	785	745	760	20	20	20
Soviet Union	675	700	750	47	49	50
Total of	15,411	15,501	15,778	2,109	2,197	2,203
30 countries for broilers and 20 countries for turkeys.						

Broiler production in Japan is expected to expand 4 - 5 percent during 1984 as producers attempt to capture most of the growth in demand. Taiwan's broiler industry over expanded in 1983 and is likely to cut back in 1984.

Following 4 percent growth in 1983, world turkey meat production may not expand much in 1984. Large supplies of competing meats and higher feed costs are limiting production growth in both the United States and the EC. A sharp decline is forecast for Israel as production in 1983 was up sharply and stocks were accumulated.

Despite depressed markets in many countries, 1984 world egg production may be up from a year earlier. Much of this gain can be attributed to the USSR, where a larger number of hens and more plentiful feed supplies at the start of the year is likely to result in another major production increase, perhaps in the order of 3 percent.

ARGENTINA's imports of U.S. hatching eggs and breeding chicks are threatened by fear of an avian influenza outbreak. Argentina has banned imports of chicks and eggs and will continue the ban until six months after the last outbreak in the U.S. is reported. Most Argentine poultry operations already have shifted to European sources. In calendar year (CY) 1983 U.S. exports of breeding chicks and hatching eggs to Argentina totaled \$1,252,000; there have been none in CY 1984 to date.

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FRENCH broiler exports are expected to decline by as much as 10 percent in 1984. Reportedly this is due to increased price competition in Middle Eastern markets. Exports in January 1984 were down 12 percent from those in January 1983 and down 23 percent from December 1983. Total 1984 French broiler exports are forecast at 335,000 MT. Even though price competition is often cited as the major problem, an increasing level of self-sufficiency in many major Middle Eastern markets is also dampening prospects for exports from all sources. No impact on U.S. sales are expected.

The EUROPEAN COMMUNITY lowered its export subsidies for canned ham and shoulders to the U.S. and other third countries from \$534/MT to \$493/MT and \$437/MT to \$411/MT, respectively. This change could have been made in anticipation of price increases in the U.S. this year. U.S. imports of canned ham and shoulders from the EC increased 30 percent in 1983 over 1982.

TOBACCO

WORLD total unmanufactured tobacco production in 1984 is forecast at 5.9 million tons, marginally below last year's crop. China, the world's largest tobacco producer, is expected to produce a crop of about the same magnitude as last year's 1.4 million tons. Restrictions on total area planted will continue to exist in an attempt to avoid unusually large surpluses. Chinese officials will also continue to emphasize improvement in the quality of tobacco. On the other hand, the U.S. crop is anticipated to total about 15 percent above last year's output. Increased production in Indonesia, Greece, Zimbabwe, Yugoslavia, Argentina, and South Africa should be offset by projected decreases in India, Brazil, the Soviet Union, Japan, the Republic of Korea and Thailand.

Preliminary data indicate that the 1984 world flue-cured tobacco crop will be in line with last year's level of 2.9 million tons. Output in the two largest producing countries, China and the United States, is expected to be close to last year's level. In Canada, the 1984 flue-cured crop is expected to be about one-fifth below last year's outturn due to area decreases, high stock levels, and unfavorable market prospects. Output is also projected to decline in India as a result of a sharp cutback in area. Lower output is also forecast for Japan and Korea. Despite excessive rains and hot weather during the latter part of the growing season in South Brazil, the flue-cured crop managed to increase 3 percent above last year. The quality of the flue-cured crop is below average but better than last year's crop which was plagued by rain throughout the growing season. Production in Zimbabwe is up largely due to a 10 percent increase in area. The third consecutive year of drought appears to have had no adverse impact on quality.

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The 1984 world burley crop is forecast at 723,000 tons, up 12 percent from last year. Production in the United States, the world's largest producer, is forecast to be about 40 percent above last year. Area is expected to be about 7 percent above the previous season. The 1984 Malawi crop is estimated down 29 percent from last season due to a 37-percent decrease in area. Strict production controls have been imposed not only in an attempt to reduce exceptionally high stock levels but also to prevent depressed burley tobacco prices. In Mexico, output is also expected to be down 8 percent from last year due to cold weather and rains. Brazilian production, however, should register an increase of about 5 percent.

The 1984 world oriental tobacco production is forecast at 944,000 tons, slightly below last year's outturn. Due to an area decrease, Turkey's crop is forecast down 8 percent from last year. Yugoslavia's oriental crop forecast is slightly below last year.

World dark air/sun-cured tobacco production in 1984 is forecast at 919,000 tons, 7 percent below the previous year. India's production is projected at 20 percent below last year due to unfavorable support prices and a decline in area of approximately 4 percent. The Indian government is attempting to avoid repetition of the 1983 situation which resulted in excessive supplies and lower prices. Production in Poland is expected to be down 17 percent from last year as a result of the change in producer prices which are now favoring light tobaccos. French production is also expected to be down by about 9 percent as area continues to shift to lighter tobacco in response to increased consumer preference for these lighter types of tobacco.

World unmanufactured tobacco production for 1983 and 1984, by leaf type, is as follows in 1,000 tons:

Leaf Type	Revised 1983	Forecast 1984
Flue-Cured	2,893.3	2,833
Burley	646.9	723
Oriental	948.4	944
Dark Air/Sun-Cured	988.6	919
Light Air-Cured	293.5	288
Dark Air-Cured, Cigar	172.6	164
Dark Fire-Cured	46.3	51
Total	5,989.6	5,922 1/

1/ Chances are about 2 out of 3 that the outcome will be within 378,000 tons of this forecast.

FRUITS AND NUTS

BRAZIL's 1984 commercial orange crop in the state of Sao Paulo is forecast at 7.75 million tons (190 million 40.8-kilogram boxes), unchanged from the previous forecast (see WR 2-84) but up 6 percent from the 1983 harvest, according to the U.S. agricultural officer in Sao Paulo. The improvement in the 1984 orange harvest reflects a slightly larger crop as well as more timely and less selective pickings. The 1984 orange crop season started off with several blooms, occurring during August and September of 1983; the blooms set normally. Then during January through March it was hot and dry, which resulted in somewhat small early-season fruit--primarily Hamlins. The weather had little negative impact on later varieties such as Pera, Valencia, and Natal, which account for the bulk of the orange harvest. To take advantage of the freeze-reduced U.S. citrus crop, Brazilian citrus producers accelerated grove improvement efforts and increased plantings. However, only a limited amount of nursery stock is available, and any significant increase in new plantings will likely be delayed until the later part of 1985.

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Selected International Prices

Item	: May 22, 1984	: Change from	: A year	
	:	: previous week	: ago	
ROTTERDAM PRICES 1/				
	\$ per MT	\$ per bu.	\$ per MT	\$ per MT
Wheat:				
Canadian No. 1 CWS-13.5%.	N.Q.	N.Q.	N.Q.	205.50
U.S. No. 2 DNS/NS: 14%....	186.50	5.08	+25	182.00
U.S. No. 2 S.R.W.	156.50	4.26	+4.50	155.00
U.S. No. 3 H.A.D.....	191.50	5.20	+5.50	200.00
Canadian No. 1 A: Durum...9/	202.00	5.50	2.00	10/ 214.50
Feed grains:				
U.S. No. 3 Yellow Corn....	161.50	4.10	-1.50	146.50.
Soybeans and meal:				
U.S. No. 2 Yellow.....	346.90	9.44	-3.85	245.50
Brazil 47/48% SoyaPellets	220.00	--	-0-	215.00
U.S. 44% Soybean Meal.....	223.00	--	-1.00	213.00
U.S. FARM PRICES 3/				
Wheat.....	134.84	3.67	+1.47	132.26
Barley.....	101.96	2.22	-3.67	77.62
Corn.....	135.04	3.43	+79	118.11
Sorghum.....	111.55	5.06	+88	108.03
Broilers 4/.....	1303.36	--	-0-	1082.02
EC IMPORT LEVIES				
Wheat 5/.....	75.00	2.04	+3.60	99.95
Barley.....	64.15	1.40	+1.90	106.55
Corn.....	47.80	1.21	+3.35	75.40
Sorghum.....	73.00	1.85	+1.65	83.75
Broilers 4/ 6/ 8/.....	166.00	--	+1.00	285.00
EC INTERVENTION PRICES 7/				
Common wheat(feed quality)	178.95	4.87	+80	182.60
Bread wheat (min. quality)7/	194.60	5.30	+90	200.25
Barley and all				
other feed grains.....	178.95	N.Q.	+80	182.60
Broilers 4/ 6/.....	1159.00	--	-0-	1151.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	--	--	N.A.
Barley.....	43.25	.94	+1.50	78.50
Broilers 4/ 6/ 8/.....	130.00	--	-0-	204.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects exchange rate change and not level set by EC. 9/ November shipment. 10/ July shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis June delivery.